(b) whether some States are already implementing VAT, if so, the details thereof;

(c) the advantages/disadvantages that are attached with this new tax system and the impediments that exist in implementing it in all the States; and

(d) by when Government expect to implement VAT system in the entire country?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (d) On the recommendation of the Conference of the Chief Ministers of States, held on 22.6.2000, an Empowered Committee of State Finance Ministers has been constituted to monitor the implementation of VAT in the States. In the meeting of the Empowered Committee of State Finance Ministers held on 18th June, 2004, it was resolved to introduce VAT at the State level, from April 1, 2005. Presently only State of Haryana has implemented Value Added Tax system. VAT has flexibility to generate large and buoyant revenues and eliminates cascading of taxes. It also tends to decrease incentive for evasion, as tax does not concentrate the impact at any given level. Further tax burden is transparent and Zero rating of tax on exports is easy.

Reversal of Foreign Aid Policy

1933. SHRI GIREESH KUMAR SANGHI:

DR. T. SUBBARAMI REDDY:

Will the Minister of FINANCE be pleased to state:

(a) whether Government have reversed existing foreign aid policy and has decided to accept bilateral development assistance from all G-8 countries;

(b)if so, whether Government have decided that bilateral aid inflows would be restricted to bring India's repayment commitments to minimum;

(c) if so, what are the main reasons for reversing existing foreign trade policy;

(d) if so, what are details of policy that is being considered and to what extent it will be different than earlier one; and

(e) to what extent this policy will be more beneficial to India?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (e) The Government of India has reviewed the policy of bilateral development co-operation to affirm the liberalization and reform orientation in India's economic policy. Bilateral development assistance will now be accepted from all G-8 countries, as well as from the European Commission as against six development partners in the erstwhile policy, namely, Japan, United Kingdom, United States of America, Germany, Rusian Federation and European Commission. Further, such assistance will also be accepted from non G-8 European Union countries providing a minimum bilateral aid package of US$ 25 million per annum to India. Other countries not covered by the above policy may continue providing bilateral assistance directly to autonomous instituions universities, NGOs, etc., as before. They may also provide development assistance through UN and Multilateral organizations. They policy also entails a simplified procedure to facilitate the flow of bilateral assistance to nongovernmental organizations and autonomous institutions. The Government of India follows a prudent external debt management policy that focuses on concessional and less expensive debt from multilateral and bilateral sources, keeping the maturity structure of the total external debt under manageable limits, and encouraging non-debt inflows.

Rank of India among Reformers

1934. SHRI RAVI SHANKAR PRASAD:
SHRI B.J. PANDA:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that World Bank has applauded our efforts for reforms and has rated India among the Ten reformers in the world;

(b) whether it is also a fact that India still ranks in the bottom quartile among the 145 nations surveyed on the ease of doing business;

(c) whether the apex bank has suggested certain measures to overcome obstacles coming in the way of our growth; and

(d) if so, the details thereof?